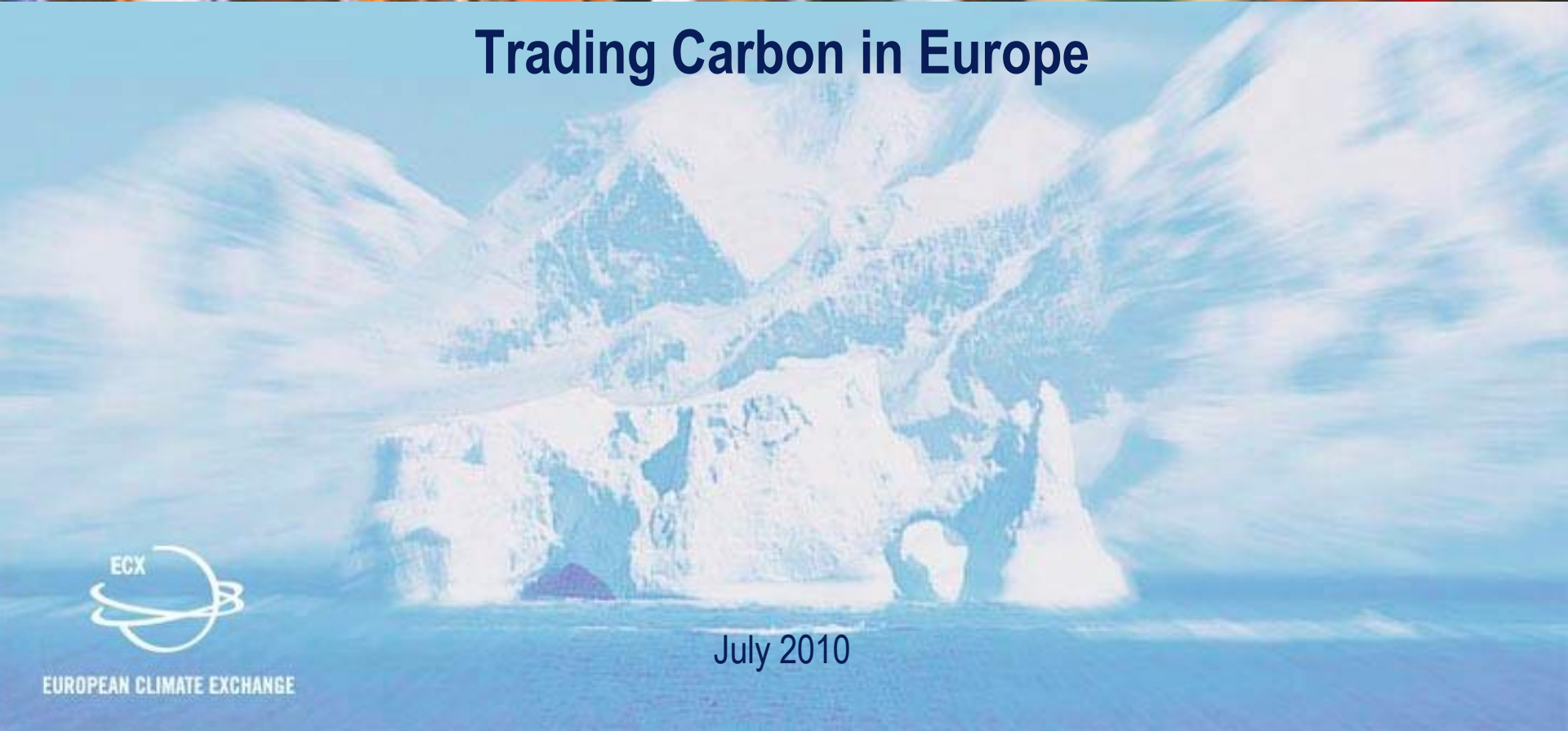


The Carbon Market



Trading Carbon in Europe

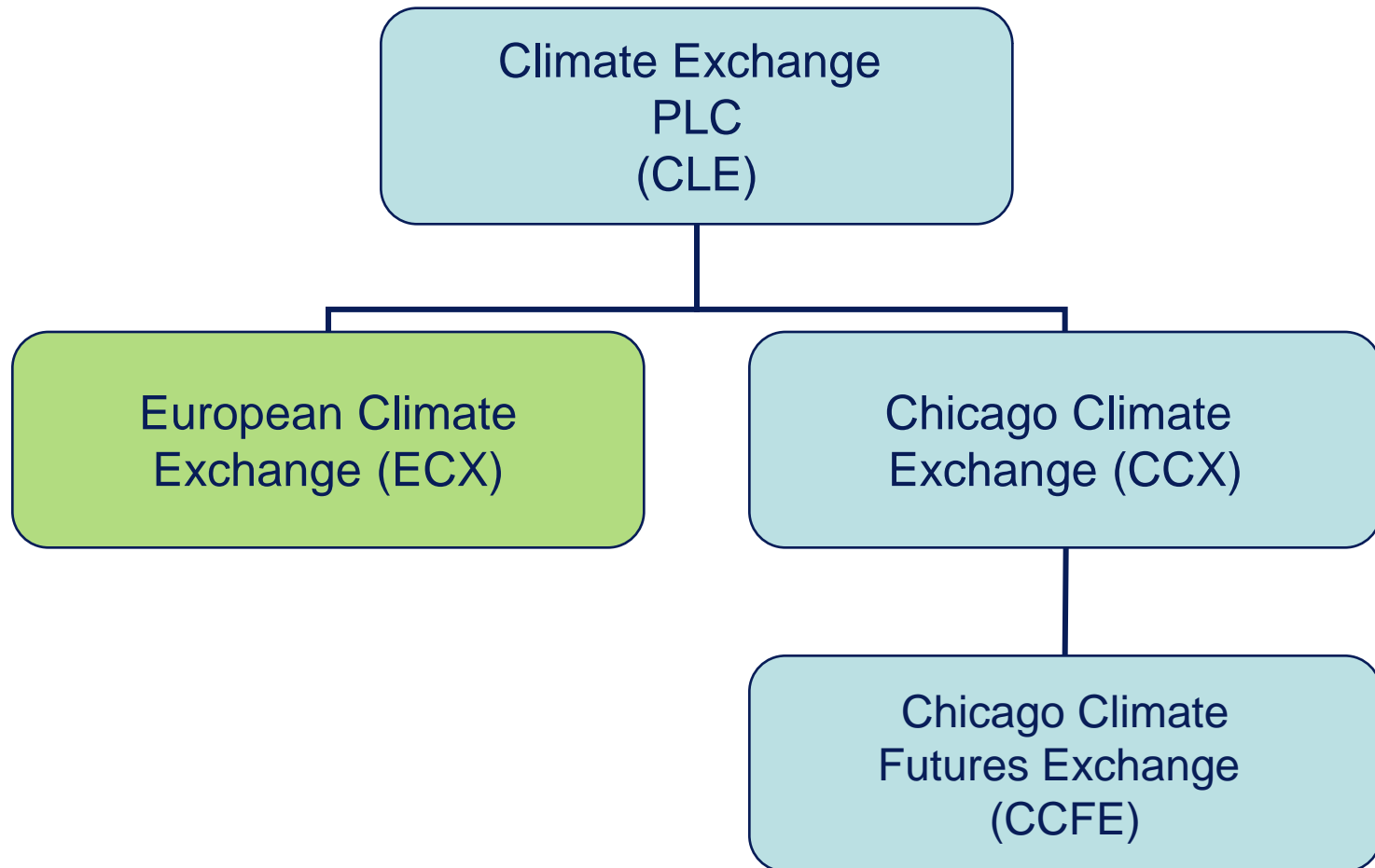


EUROPEAN CLIMATE EXCHANGE

July 2010



Corporate structure





Understanding Cap and Trade

Cap and



TRADE



Kyoto Implementation

- **Europe – global leadership position**
- Pre-Kyoto trading scheme (Phase I) 2005-2007
- Phase II coincides with Kyoto period
- EUETS legally binding across all 27 member states
- 5 Industries covered
- Average reduction of 8% (from 1990 levels)
- 12% of allowances can come from CDM (national limits ranging from 0 to 20%)
- 2013-2020 scheme now being finalised.

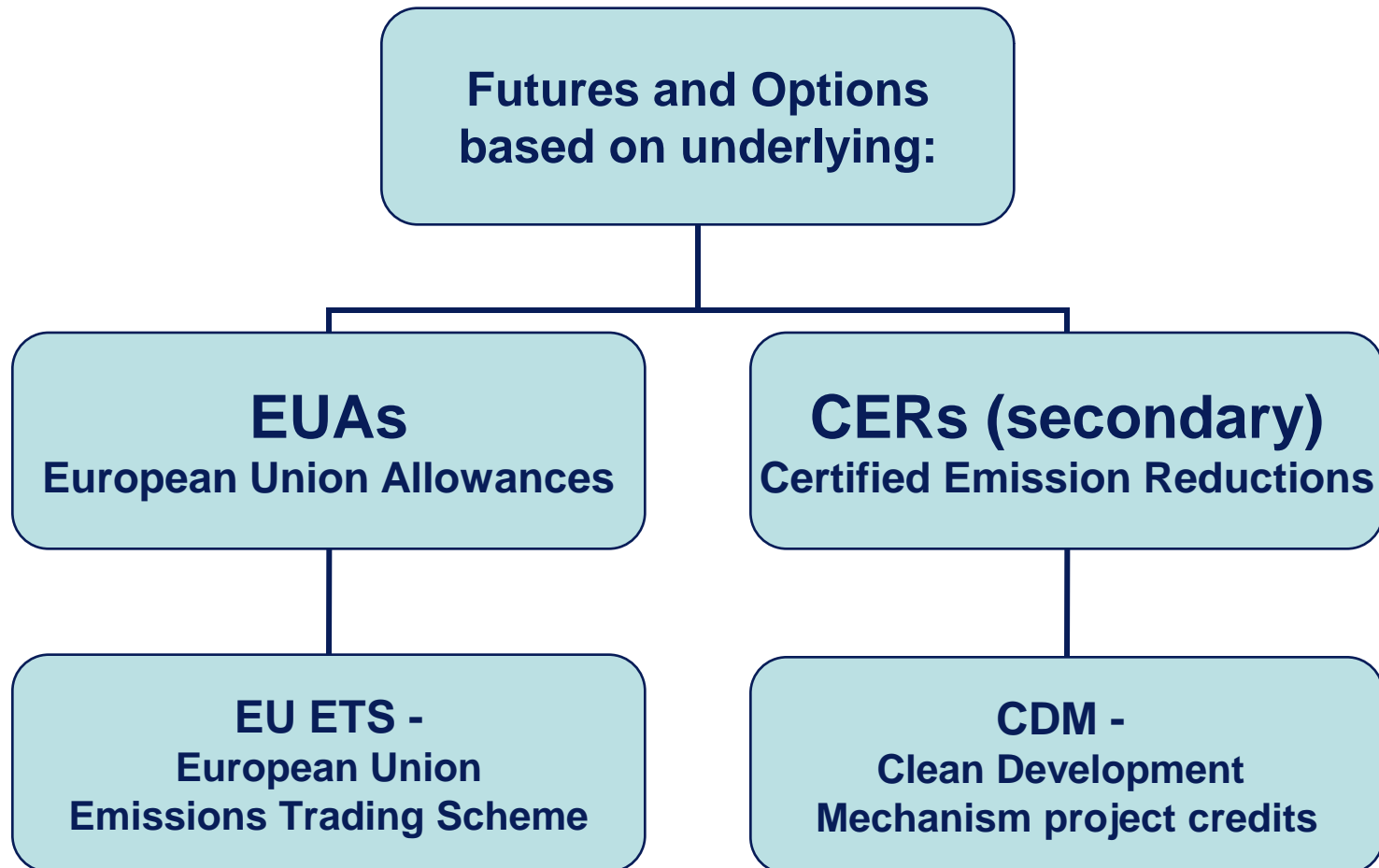


Mandatory Carbon Caps



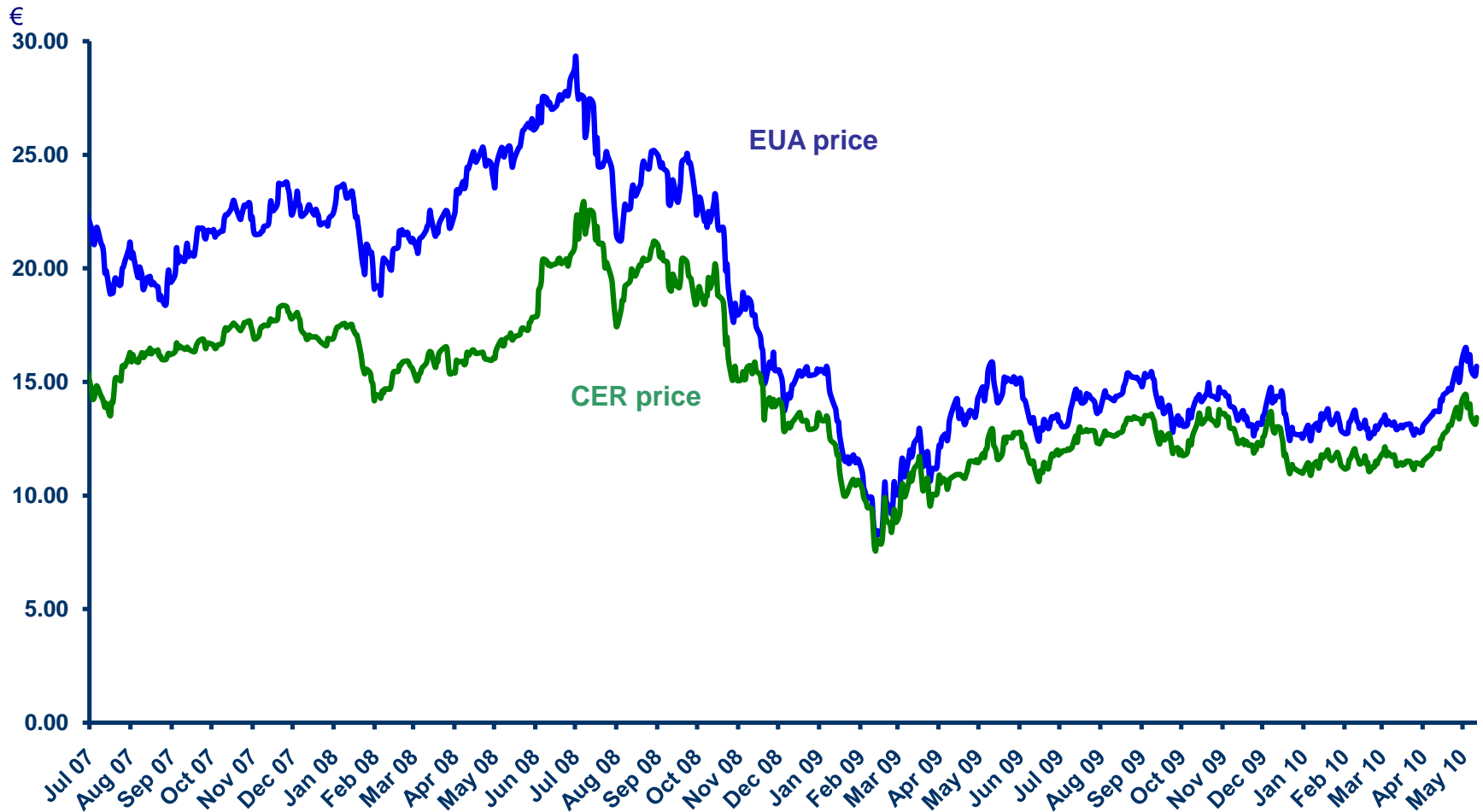


ECX Products





EUA-CER Prices (Front Dec 2007-10)





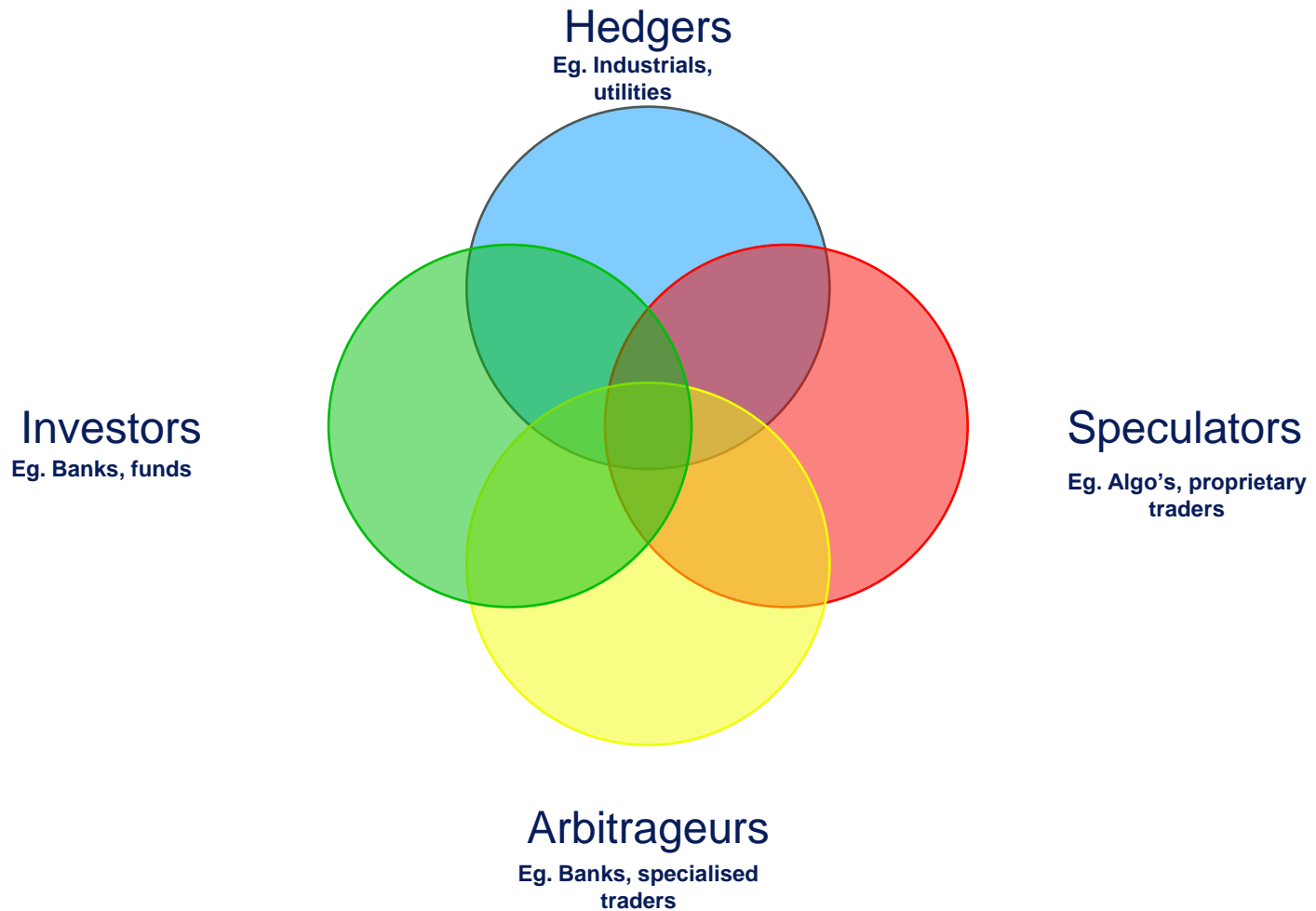
Price Drivers

Key asset characteristics – EUA supply is theoretically fixed so demand leads price formation. CER supply is variable but needs long-term signals.

- Macro
 - Political support
 - National developments
 - Economic (growth/recession)
 - Innovation
- Micro
 - Demand
 - Oil price
 - Coal price
 - Gas price
 - European weather/temperature
 - Interest rates
 - Exchange rates
 - Other markets
 - CDM supply



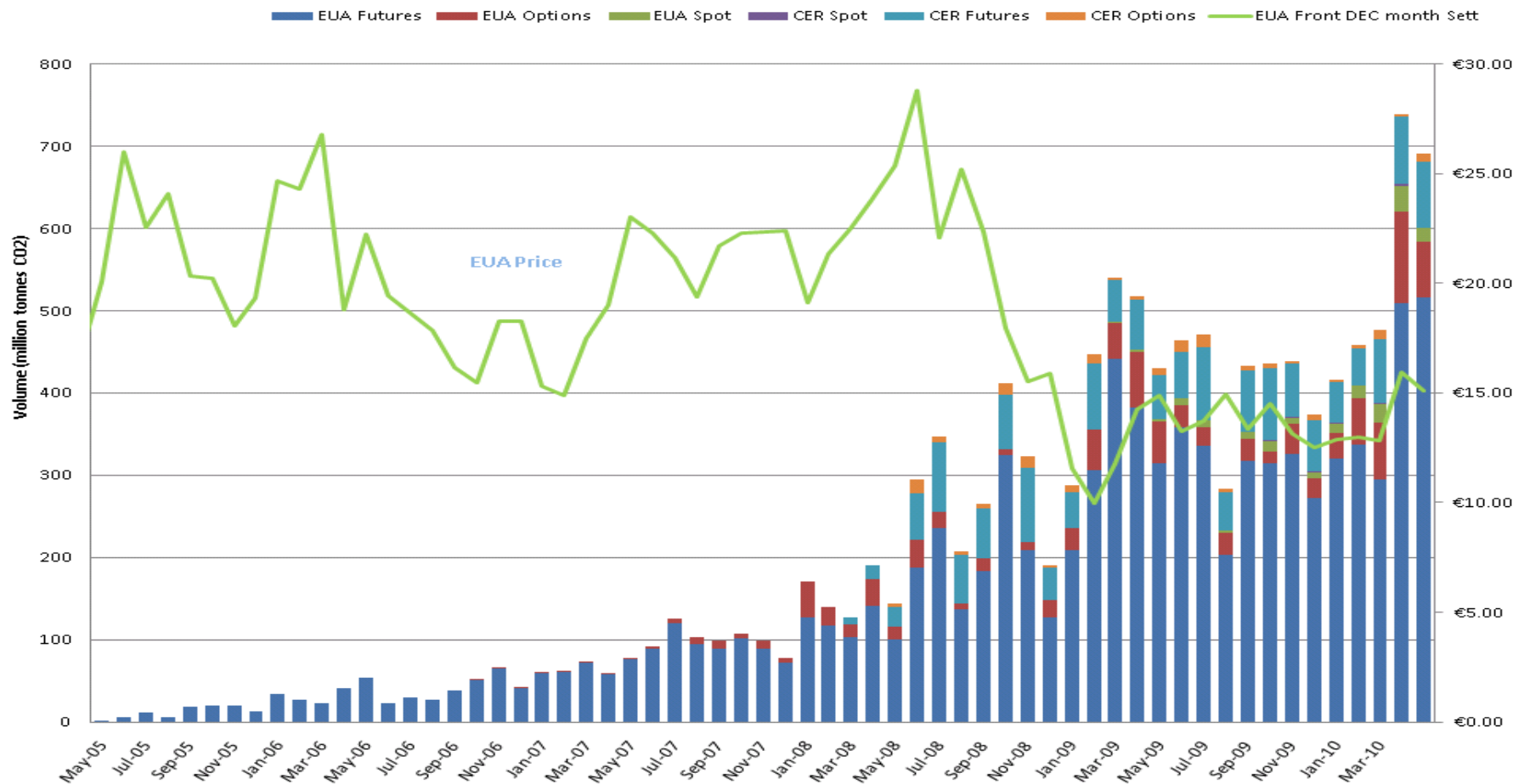
Who is the Market?





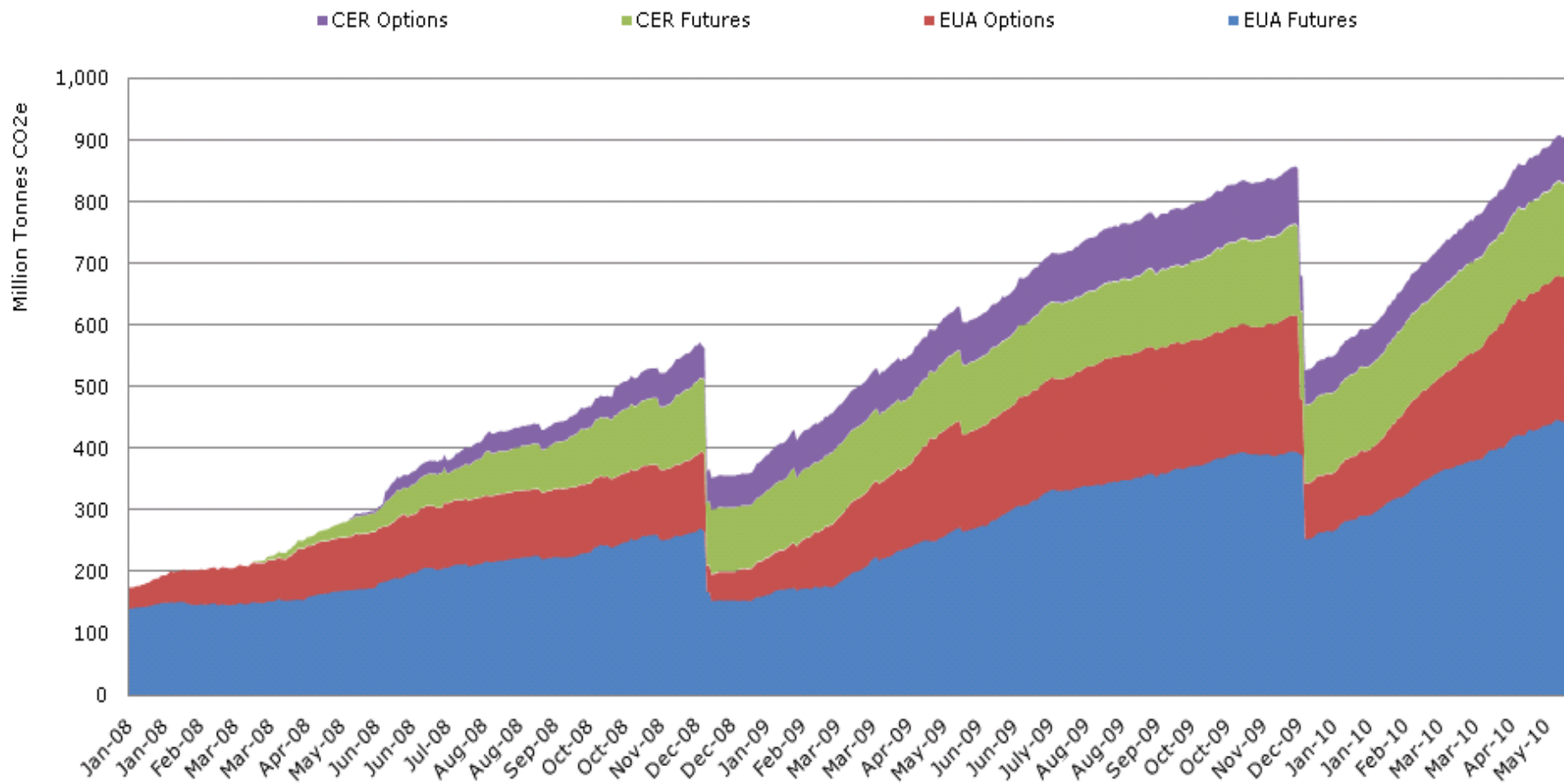
Price and volume ECX EUA Futures Contracts

ECX Monthly Volume & Settlement Price



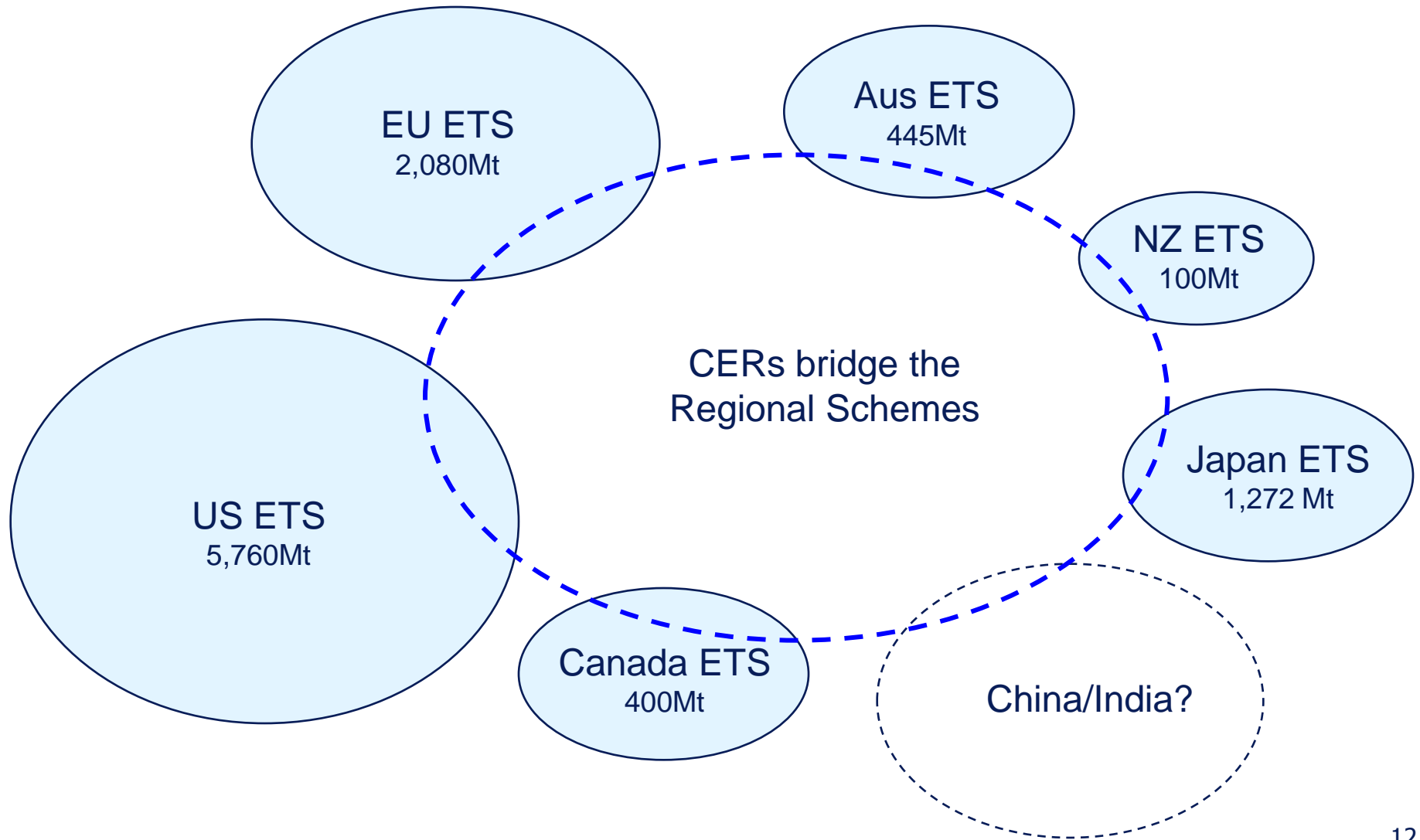


Open Interest ECX Contracts



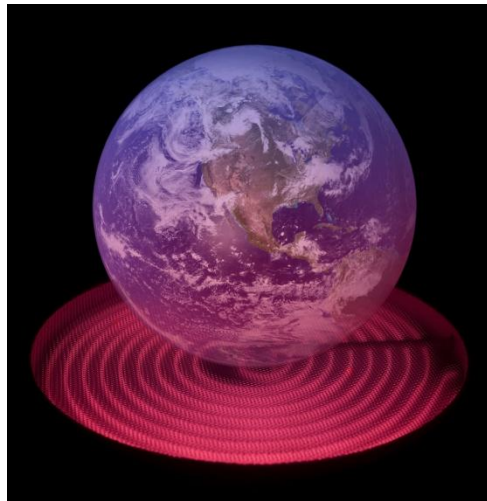


Where Next?





Multiple roads to the same destination














Watch this space!

“The total global carbon market value could reach €2 trillion (\$3.1 trillion) by 2020.”

- POINT CARBON, May 2008





ECX EUA Daily Futures - ECX EUA Daily - ECX Futures Today, 4 @ 14.60  (16:16:01 BST)
 ECX EUA Futures - ECX - Dec10, 4 @ 14.74  (16:16:01 BST)
 ECX EUA Futures - ECX - Dec10, 25  (16:13:47 BST) <<EFP/EFS>>
 ECX EUA Futures - ECX - Dec10, 15,00 Call European, 250  (16:13:30 BST) <<EFP/EFS>>
 ECX EUA Daily Futures - ECX EUA Daily - ECX Futures Today, 1 @ 14.60  (16:15:24 BST)
 ECX EUA Futures - ECX - Dec10, 1 @ 14.74  (16:15:24 BST)
 ECX CER Futures - ECX CER - Dec12, 200  (16:12:50 BST) <<EFP/EFS>>
 ECX EUA Futures - ECX - Dec10, 18  (16:12:56 BST) <<EFP/EFS>>
 ECX EUA Futures - ECX - Dec10, 1 @ 14.74  (16:14:38 BST)
 ECX EUA Futures - ECX - Dec10, 1 @ 14.73  (16:14:18 BST)
 ECX EUA Futures - ECX - Dec10, 12,00 Put European, 100  (16:12:13 BST) <<EFP/EFS>>



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